My Name is Ricky Wiggins and I am the managing partner in a family farming operation with my father and son in Covington County, Alabama. We produce cotton, peanuts, cattle and timber. I am involved in several farm organizations including Cotton Inc., Southern Cotton Growers, Alabama Peanut Producers and the Boll Weevil Eradication Foundation. and serve as the Southeast area vice president for the Alabama Farmers Federation . It is my pleasure to speak to you today on behalf of my family and fellow farmers across the southeast.

I had the recent opportunity to visit with some farmers on their farms in Switzerland. They talked of their $400.00 /acre direct payments on cropland, $690.00 /cow direct payment on beef cattle and spending 8% of their national budget on farm subsides. We expressed out amazement at their governments generosity and their reply, was "but you have crop insurance". Some how they have the impression that crop insurance is more than it really is in this country. While most producers realize that no one should be guaranteed a profit, we do see the need for real crop insurance reform that will give good business men the tools they need to manage the unique risk involved in agricultural production.

In January of 1999 Jerry Newby, president of the Alabama Farmers Federation, appointed a committee of producers from across the state of Alabama to look at risk management. I chaired that committee. After looking at the current crop insurance system and making suggestions for much needed change we were still not satisfied. It was still too expensive at adequate coverage, too many producers were left out and there was still too much room for fraud.

Today I would like to propose to you a concept that came out of that committee. It will allow all farmers, regardless of size or commodity produced, to manage their risk and save USDA money. We call it IRMA – the Individual Risk Management Account.

The basic concept is that the producer takes the money he has been paying in Crop insurance premiums and puts it into a tax deferred interest bearing account. USDA In turn takes the money they have been subsidizing that premium with and matches the Producer's money in the fund. USDA has no further liability. Producers of any Agricultural commodity could participate.

Bob Taylor, an ag economist at Auburn University has listed some specifics for your consideration.

1. Annual additions to the account will be tax deductible.
2. Annual additions must be made to the account until it reaches its maximum. The Minimum contribution will be 2% of the farmer's three year average gross Income. The farmer can make a larger contribution at any time thereafter subject To the maximum balance of the account.
3. IRMA funds must be invested in low-risk, guaranteed securities, such as a bank CD or government securities.
4. Interest and income from the IRM account will not be taxed when they are earned, as we how have with IRA accounts.
5. Withdrawals from the account will be taxed as regular income.
6. Additions, withdrawals and balance of the account will be reported to the IRS with

A form similar to the 1099 forms.

7. In lieu of subsidized crop insurance for the participating farmer, the government Will subsidize the account at the rate at which they have subsidized crop Insurance in the recent past, until the maximum balance for the account is reached.
8. Withdrawals from the account can be made only if gross income in a given year is Less than 90% of the three year average of gross income. The amount of the Withdrawal would be restricted to the difference between 90% of the three year average and actual gross income that year
9. The maximum balance of the IRMA account will be 150% of the three year gross Income average.
10. Gross income will be computed from the line 11 of Schedule F of the Federal Income tax form.
11. The participating farmer can purchase any unsubsidized agricultural insurance in addition to the IRMA account.
12. IRMA funds could be used as collateral for loans connected with the farming Activities.
13. The account would be closed-out due to the farmer leaving farming for non-farm Employment, retiring, or bankruptcy. At this time, the remaining balance could be drawn out over time and taxed as withdrawn similar to IRA.

If a producer is not comfortable dropping all other protection before he has Some reserve built into his fund, we offer a suggestion for a transition period.

First year producer would put 25% of normal crop insurance premium in

IRMA and 75% in conventional crop insurance. Producers would be covered at same level as before but with the condition that if he has a claim, his IRMA would be exhausted before insurance company paid out anything.

2nd year 50% IRMA, 50% crop insurance

3rd year 75% IRMA, 25% crop insurance

4th year 100% IRMA

By the fourth year, if he had no claimes, he would probably be comfortable to go with IRMA.

We feel that this simple concept could save USDA money and give farmers of this nation a workable tool to manage their risks.

If your objective is to save USDA money and help the American farmer, I challenge you to take a serious look at this proposal.

Thank you for your time.